

Message Text

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71

ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 ISO-00 AGR-20 COME-00

TRSE-00 OMB-01 STR-08 CIEP-02 IO-15 SS-15 NSC-10 H-03

L-03 CIAE-00 INR-10 NSAE-00 PA-03 RSC-01 USIA-15

PRS-01 SPC-03 AID-20 DRC-01 /194 W

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R 111959Z OCT 73

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 9451

INFO AMEMBASSY ABIDJAN

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY GUATEMALA

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY MEXICO

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE RIO DE JANEIRO 3793

E.O. 11652: N/A

TAGS: ETRD

SUBJECT: BRAZIL CY 1973 COFFEE EXPORT PROGRAM

REF: (A) MEXICO 7361; (B) BOGOTA 8218; (C) SAN JOSE 3426;

(D) SAN SALVADOR 3722

1. BRAZILIAN COFFEE INSTITUTE (IBC) DIRECTOR CARLOS VIACAVA
ASSERTS, AND PRIVATE SOURCES CONCUR, THAT BRAZIL STILL PLANS
TO EXPORT 17.5 TO 18 MILLION BAGS OF COFFEE DURING CY 1973.
RECENT OPENING OF EXPORT REGISTRATIONS FOR DECEMBER TENDS
CONFIRM THIS ASSERTION. THUS, HIGHLY UNLIKELY BRAZIL HAS
JOINED LATIN AMERICAN GROUP TO WITHHOLD COFFEE INDEFINITELY
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FROM INTERNATIONAL MARKET AS CANTU PENA OF MEXICO STATED
(REF A). LOCAL TRADE SOURCES AGREE THAT U.S. STOCKS OF
CENTRAL AMERICAN MILDS UNUSUALLY LARGE AND THAT EXCESSIVE
SPECULATION OCCURING. BRAZIL, HOWEVER, APPEARS NOT TO BE

PARTICULARLY CONCERNED BY THIS SITUATION. IN FACT, TWO U.S. ROASTERS MADE LARGE COFFEE PURCHASES IN BRAZIL LAST WEEK.

2. LOCAL TRADE AND IBC SOURCES CONFIRM THAT PORTUGAL HAS JOINED BRAZIL, COLOMBIA, AND IVORY COAST IN INTERNATIONAL COFFEE MARKETING CORPORATION. NO COMMENTS WERE MADE AS TO WHETHER CORPORATION HAS ACTUALLY INITIATED ITS ACTIVITY. ONE LOCAL EXPORTER, HOWEVER, CLAIMS THAT CORPORATION'S LONDON OFFICE PLANS TO ISSUE CERTIFICATES OF ORIGIN FOR ITS MEMBERS' COFFEE EXPORTS.

3. IBC OFFICIAL STATES THAT, ASIDE FROM INTERNATIONAL MARKETING CORPORATION FORMED BY FOUR MAJOR PRODUCERS, ICO PRODUCER MEMBERS HAVE AGREED TO WITHHOLD FROM CURRENT YEAR PRODUCTION AND TO STOCK AN AMOUNT EQUAL TO TEN PERCENT OF THEIR ANNUAL AVERAGE EXPORTS DURING LAST THREE ICO COFFEE YEARS. IN BRAZIL'S CASE, THIS RESERVE APPROXIMATES 1.8 MILLION BAGS.

4. COMMENT: COMMITMENT TO STOCK 1.8 MILLION BAGS FROM PRESENT YEAR (1973-1974) PRODUCTION UNLIKELY AFFECT BRAZIL'S PLANNED EXPORTS DURING COMING YEAR. CURRENT BRAZILIAN STOCKS, OF WHICH IBC ALONE NOW HOLDS APPROXIMATELY 14.5 MILLION BAGS, ARE NOT EXPECTED TO FALL TO THE POINT THAT 1.8 MILLION BAG COMMITMENT WOULD TEND TO RESTRICT EXPORTS. APPARENTLY, PRODUCERS' AGREEMENT TO WITHHOLD PORTION OF THIS YEAR'S PRODUCTION REPRESENTS MOVE BY PRINCIPAL COFFEE COUNTRIES TO SHIFT PART OF STOCKING BURDEN TO SMALLER PRODUCERS WHO NORMALLY SELL THEIR ENTIRE EXPORTABLE CROP SHORTLY AFTER HARVEST.
DECONTROL DECEMBER 31, 1977.
BOONSTRA

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TAGS: ETRD
To: STATE INFO ABIDJAN
BOGOTA
BRASILIA
GUATEMALA
LISBON
LONDON
MEXICO

SAN JOSE
SAN SALVADOR
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